

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,	)	
to open a docket for load serving entities in	)	
Michigan to file their capacity demonstrations as	)	Case No. U-18441
required by MCL 460.6w.	)	
_____	)	

At the September 15, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER OPENING DOCKET**

On December 21, 2016, Governor Rick Snyder signed Public Act 341 (Act 341) into law, which amended 1939 PA 3; MCL 460.1 *et seq.*<sup>1</sup> Among other things, Act 341 mandates that the Commission must establish a state reliability mechanism<sup>2</sup> (SRM) pursuant to MCL 460.6w(8) if, by September 30, 2017, the Federal Energy Regulatory Commission (FERC) “does not put into effect a resource adequacy tariff that includes a capacity forward auction or a prevailing state compensation mechanism.” MCL 460.6w(2). Given FERC’s February 2, 2017 order in Docket No. ER17-284-000 (February 2 order) that rejected the Competitive Retail Solution (CRS)

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<sup>1</sup> Act 341 became effective on April 20, 2017.

<sup>2</sup> The avowed purpose of the state reliability mechanism as stated in MCL 460.6w(12)(h) is “to ensure reliability of the electric grid in this state.”

application filed on November 1, 2016, by the Midcontinent Independent System Operator, Inc. (MISO),-coupled with MISO's subsequent decision to forego a petition for rehearing of the February 2 order, it is clear that FERC will not approve a resource adequacy tariff by September 30, 2017. Under the SRM construct, the Commission has responsibility for overseeing the sufficiency of all electric providers' long term arrangements for electric capacity. Accordingly, the Commission commenced SRM charge proceedings for all areas with retail choice. *See*, Case Nos. U-18239, U-18248, U-18253, U-18254, and U-18258.

MCL 460.6w(8) requires each electric utility, alternative electric supplier (AES), cooperative electric utility, and municipally-owned electric utility (collectively, referred to as load serving entities or electric providers) to demonstrate to the Commission, in a format determined by the Commission, that each electric provider owns or has contractual rights to sufficient capacity to meet its capacity obligations as set by MISO, or the Commission, as applicable.

In MCL 460.6w(8)(a) and (b), the Legislature established the dates by which all electric providers must file their capacity demonstrations with the Commission. MCL 460.6w(8)(a) requires that, by December 1 of each year, every electric utility regulated by the Commission for the purpose of selling electricity to retail customers in this state shall demonstrate that for the planning year<sup>3</sup> beginning four years after the beginning of the current planning year, the electric utility owns or has contractual rights to sufficient capacity to meet its capacity obligations as defined in Act 341. MCL 460.6w(8)(b) also requires that, by the seventh business day of February each year,<sup>4</sup> every AES, cooperative electric utility, and municipally-owned electric utility

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<sup>3</sup> The term "planning year" is defined in MCL 460.6w(12)(f) to mean "June 1 through the following May 31 of each year."

<sup>4</sup> The seventh business day of February 2018 is Friday, February 9, 2018.

demonstrate to the Commission that, for the planning year beginning four years after the beginning of the current planning year, the AES, cooperative electric utility, or municipally-owned electric utility owns or has contractual rights to sufficient capacity to meet its capacity obligations as set by MISO, PJM Interconnection, LLC (PJM), or the Commission. However, unlike the capacity demonstrations required by the Legislature of regulated electric utilities, cooperative electric utilities, and municipally-owned electric utilities, the sixth sentence of MCL 460.6w(8)(b) requires AESs to do the following:

By the seventh business day of February in 2018, an alternative electric supplier shall demonstrate to the commission, in a format determined by the commission, that for the planning year beginning June 1, 2018, and the subsequent 3 planning years, the alternative electric supplier owns or has contractual rights to sufficient capacity to meet its capacity obligations as set by the appropriate independent system operator, or commission, as applicable.

In an order issued today in Case No. U-18197, the Commission addressed the format by which all electric providers shall make the capacity demonstrations required by MCL 460.6w(8). The sole purpose of Case No. U-18441 is to receive all such capacity demonstration filings required by MCL 460.6w(8). Commercially sensitive information may be filed confidentially in this docket, in accordance with the September 15, 2017 order in Case No. U-18197. While MCL 460.6w(8)(a) requires that regulated electric utilities file demonstrations for the planning year four years from the current planning year, the Commission directs those utilities to file demonstrations for the planning year beginning June 1, 2018, and the subsequent three planning years as well. The Commission finds that this data is reasonably necessary, indeed indispensable, for the proper performance of the Commission's powers and duties. MCL 460.55; MCL 460.54; and MCL 460.6. In addition, the Commission strongly encourages the cooperative and municipally-owned electric utilities to submit capacity demonstrations for the same time period. This

information would greatly assist the Commission in making the required determinations under Section 6w, and would present a cohesive outlook for electricity supply plans.<sup>5</sup>

THEREFORE, IT IS ORDERED that:

A. The Commission's Executive Secretary shall immediately open the docket for Case No. U-18441.

B. The Commission's Executive Secretary shall serve copies of this order and today's order in Case No. U-18197 upon each electric utility, alternative electric supplier, cooperative electric utility, and municipally-owned electric utility, and on any other party to any of the following cases: Case Nos. U-18197, U-18239, U-18248, U-18253, U-18254, and U-18258.

C. On or before December 1, 2017, Alpena Power Company, Consumers Energy Company, DTE Electric Company, Indiana Michigan Power Company, Northern States Power Company–Wisconsin, Upper Michigan Energy Resources Corporation, Upper Peninsula Power Company, and Wisconsin Energy Power Company shall submit capacity demonstrations in this docket in accordance with the requirements established in the September 15, 2017 order in Case No. U-18197 for the planning year beginning June 1, 2018, and the subsequent three planning years, to establish that the electric utility owns or has contractual rights to capacity sufficient to meet its capacity obligations as set by the Midcontinent Independent System Operator, Inc., PJM Interconnection, LLC, or the Commission, as applicable, and as required by MCL 460.6w.

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<sup>5</sup> In the September 15, 2017 order in Case No. U-18197, p. 46, the Commission finds that electric providers in the PJM footprint should file capacity demonstration plans on the same date as other providers, that is, December 1, 2017, for regulated utilities and February 9, 2018, for cooperatives and municipally-owned utilities. MCL 460.6w(11). The PJM Reliability Pricing Model Base Residual Auction (RPMBRA) is in May, and the Commission finds that providers should indicate in their demonstrations whether they intend to participate in that auction or not. If an electric provider participates in the auction, it should file an amended capacity demonstration in this docket two weeks after the close of the RPMBRA.

D. On or before February 9, 2018, Alger Delta Cooperative Electric Association, Bayfield Electric Cooperative, Inc., Cherryland Electric Cooperative, Cloverland Electric Cooperative, Great Lakes Energy Cooperative, Midwest Energy Cooperative, Ontonagon County Rural Electrification Association, Presque Isle Electric & Gas Co-op, Thumb Electric Cooperative, Tri-County Electric Cooperative, Village of Baraga, City of Bay City, City of Charlevoix, Chelsea Department of Electric & Water, Village of Clinton, Coldwater Board of Public Utilities, Croswell Municipal Light & Power Department, City of Crystal Falls, Daggett Electric Department, City of Dowagiac, City of Eaton Rapids, City of Escanaba, City of Gladstone, Grand Haven Board of Light & Power, City of Harbor Springs, City of Hart Hydro, Hillsdale Board of Public Utilities, Holland Board of Public Works, Village of L'Anse, Lansing Board of Water & Light, Lowell Light & Power, Marquette Board of Light & Power, Marshall Electric Department, Negaunee Department of Public Works, Newberry Water and Light Board, Niles Utilities Department, City of Norway, Village of Paw Paw, City of Petoskey, City of Portland, City of Sebewaing, City of South Haven, City of St. Louis, City of Stephenson, City of Sturgis, Traverse City Light & Power, Union City Electric Department, City of Wakefield, Wyandotte Department of Municipal Service, Zeeland Board of Public Works, AEP Energy, Inc., Calpine Energy Solutions, LLC, f/k/a Noble Americas Energy Solutions, LLC, CMS ERM Michigan LLC, Constellation Energy Services, Inc., f/k/a Integrys Energy Services Inc., Constellation NewEnergy, Inc., Dillon Power, LLC, Direct Energy Business, LLC, Direct Energy Services, LLC, EDF Energy Services, LLC, Eligo Energy MI, LLC, Energy Services Providers, Inc., d/b/a Michigan Gas & Electric, FirstEnergy Solutions, Interstate Gas Supply, Inc., d/b/a IGS Energy, Just Energy Solutions, Inc., f/k/a Commerce Energy Inc., Liberty Power Delaware, LLC, Liberty Power Holding, LLC, MidAmerican Energy Services, LLC, Nordic Energy Services, LLC, Plymouth Rock Energy, LLC, Powerone Corporation,

Premier Energy Marketing LLC, Spartan Renewable Energy, Inc., Texas Retail Energy, LLC, U.P. Power Marketing, LLC, and Wolverine Power Marketing Cooperative, Inc., shall submit capacity demonstrations in this docket in accordance with the requirements established in the September 15, 2017 order in Case No. U-18197 for the planning year beginning four years after the beginning of the current planning year, i.e., June 1, 2021, to establish that the electric provider owns or has contractual rights to capacity sufficient to meet its capacity obligations for the June 1, 2021 planning year as required by MCL 460.6w.

E. On or before February 9, 2018, AEP Energy, Inc., Calpine Energy Solutions, LLC, f/k/a Noble Americas Energy Solutions, LLC, CMS ERM Michigan LLC, Constellation Energy Services, Inc., f/k/a Integrys Energy Services Inc., Constellation NewEnergy, Inc., Dillon Power, LLC, Direct Energy Business, LLC, Direct Energy Services, LLC, EDF Energy Services, LLC, Eligo Energy MI, LLC, Energy Services Providers, Inc., d/b/a Michigan Gas & Electric, FirstEnergy Solutions, Interstate Gas Supply, Inc., d/b/a IGS Energy, Just Energy Solutions, Inc., f/k/a Commerce Energy Inc., Liberty Power Delaware, LLC, Liberty Power Holding, LLC, MidAmerican Energy Services, LLC, Nordic Energy Services, LLC, Plymouth Rock Energy, LLC, Powerone Corporation, Premier Energy Marketing LLC, Spartan Renewable Energy, Inc., Texas Retail Energy, LLC, U.P. Power Marketing, LLC, and Wolverine Power Marketing Cooperative, Inc., shall submit capacity demonstrations in this docket in accordance with the requirements established in the September 15, 2017 order in Case No. U-18197 for the planning year beginning June 1, 2018, and the subsequent three planning years, to establish that it owns or has contractual rights to capacity sufficient to meet its capacity obligations as set by the Midcontinent Independent System Operator, Inc., or the Commission, as applicable, and as required by MCL 460.6w.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of September 15, 2017.

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Kavita Kale, Executive Secretary